

AVAILABILITY OF RATE DATA AND METHODOLOGY

Data and methodology used in establishing payment rates for nursing facilities under Medicaid will be available to the public through the New Jersey Department of Human Services, Division of Medical Assistance and Health Services, Nursing Facility Reimbursement, CN 712, Trenton, New Jersey 08625.

95-30-MA(NJ)

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95-30

NOV 9 1998

SUBJECT

90-10

AUG 14 1996

ANNUAL SUBMITTAL FOR NURSING FACILITIES

The methodology described herein automatically provides for an appropriate adjustment in payment amounts for nursing facility services furnished during the period from October 1, 1991 through September 30, 1992 as required by Section 4211 (b) of the Omnibus Budget Reconciliation Act of 1987 services required by the nursing home provisions of that Act and consistent with Section 1902.(a)(13) of the Social Security Act.

METHODOLOGY

The cost increases to be incurred by nursing facilities in meeting the new requirements were calculated in the following manner:

Nurse Staffing Requirements - The methodology used to make the estimate was a calculation of the cost of the actual rate change effective October 1, 1990 (which HCFA has found to conform to the nursing home reform provisions of OBRA 1987) plus a projection for normal reimbursement increase from October 1, 1990 to October 1, 1991.

The revised single facility per diem was compared to the
--superseded per diems for each level of care (SNF, ICF-A, ICF-B)
for each facility which is not currently receiving interim
rates.

The resulting per diem differences between the pre October 1, 1990 (three level) rates and the revised single facility rate for each facility were multiplied by the facility Medicaid patient days to calculate an annualized facility specific reimbursement as a result of the change in the reimbursement methodology.

The individual facility reimbursement changes (positive and negative) for proprietary and voluntary facilities were totalled in the amount of \$12,242,219.

The total was divided by 87 percent (allowing for the thirteen percent of facilities which are on interim rates) to project a cost of \$14,871,516 to the Medicaid program for all proprietary and voluntary facilities.

An amount of \$4,678,888, representing the increased payments as a result of the change for County Governmental (Peer Grouping) facilities was added to the sum for proprietary and voluntary facilities for total of \$18,750,404.

The total was divided by 10,000,000 Medicaid patient days for all facilities (as billed by facilities during calendar year 1990) to arrive at a per diem increase of \$1.88 cents per day.

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Attachment 4.19D

Based on historical increases in reimbursement, the state projects that reimbursement will increase approximately 8% for the next fiscal year.

The weighted average per diem rate of \$80.33 as of July 1, 1990 was increased by 8% to \$86.76 to reflect the anticipated increase in nursing home reimbursement for the year beginning October 1, 1991.

The per diem cost of \$1.88 was increased by 8% to \$2.03, to reflect the anticipated per diem increase in nursing home reimbursement related to OBRA Nursing Home Reform beginning October 1, 1991 and added to the abovementioned \$86.76 to determine an anticipated average proposed payment rate of \$88.79 for Nursing Facilities as of October 1, 1991.

Other Requirements- Other general cost categories under Section 1919 of the Act include: continuing education for nurse aides; other staffing requirements (e.g., dietician, pharmacy, dental, medical records, activities personnel, social worker); resident assessment; plans for care; resident personal funds; and residents' rights. The Division finds that New Jersey already maintains these increased/additional federal requirements. Since such costs are already included in the base period data and applicable cost limits for current facility rates, per diem adjustments are not necessary.

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Attachment 4.19-D

ANNUAL SUBMITTAL FOR NURSING FACILITIES

October 1, 1992 through September 30, 1993

The methodology described herein automatically provides for an appropriate adjustment in payment amounts for nursing facility services furnished during the period from October 1, 1992 through September 30, 1993 as required by Section 4211 (b) of the Omnibus Budget Reconciliation Act of 1987 services required by the nursing home provisions of that Act and consistent with Section 1902.(a)(13) of the Social Security Act.

METHODOLOGY

The cost increases to be incurred by nursing facilities in meeting the new requirements were calculated in the following manner:

Nurse Staffing Requirements - The methodology used to make the estimate was a calculation of the cost of the actual rate change effective October 1, 1990 (which HCFA has found to conform to the nursing home reform provisions of OBRA 1987) plus a projection for normal reimbursement increase, from October 1, 1990 to October 1, 1992.

The revised single facility per diem as of October 1, 1990 was compared to the superseded per diems (i.e. as of September 30, 1990) for each level of care (SNF, ICF-A, ICF-B) for each facility which was not receiving interim rates.

The resulting per diem differences between the pre October 1, 1990 (three level) rates and the revised single facility rate for each facility were multiplied by the facility Medicaid patient days to calculate an annualized facility specific reimbursement as a result of the change in the reimbursement methodology.

The individual facility reimbursement changes (positive and negative) for proprietary and voluntary facilities were totalled in the amount of \$12,242,219.

The total was divided by 87 percent (allowing for the thirteen percent of facilities receiving interim rates) to project a cost of \$14,871,516 to the Medicaid program for all proprietary and voluntary facilities.

An amount of \$4,678,888, representing the increased payments as a result of the change for County Governmental (Peer Grouping) facilities, was added to the sum for proprietary and voluntary facilities for total of \$18,750,404.

The total was divided by 10,000,000 Medicaid patient days for all facilities (as billed by facilities during calendar year 1990) to arrive at a per diem increase of \$1.88 cents per day.

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Based on historical and anticipated increases in reimbursement, the State projected that NF reimbursement would increase approximately 8% between state fiscal years 1991 and 1992 and further projects that NF reimbursement will increase 10.45 % between state fiscal years 1992 and 1993.

The weighted average per diem rate of \$98.75 as of July 1, 1991 was increased by 10.45% to \$109.07 to reflect the anticipated increase in nursing facility reimbursement for the year beginning October 1, 1992.

The original per diem cost of OBRA 1987 of \$1.88 was increased by 8% for FY 1992 and 10.45% for FY 1993 to \$2.24, which amount is the anticipated per diem increase in nursing facility reimbursement related to OBRA nursing facility reform beginning October 1, 1992. The amount of \$2.24 is included in the abovementioned \$109.07 which is the anticipated average proposed payment rate for nursing facilities as of October 1, 1992.

Other Requirements- Other general cost categories under Section 1919 of the Act include: continuing education for nurse aides; other staffing requirements (e.g., dietician, pharmacy, dental, medical records, activities personnel, social worker); resident assessment; plans for care; resident personal funds; and residents' rights. The Division finds that New Jersey already maintains these increased/additional Federal requirements. Since such costs are already included in the base period data and applicable cost limits for current facility rates, per diem adjustments are not necessary.

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ANNUAL SUBMITTAL FOR NURSING FACILITIES

October 1, 1993 through September 30, 1994

The methodology described herein automatically provides for an appropriate adjustment in payment amounts for nursing facility services furnished during the period from October 1, 1993 through September 30, 1994, as required by Section 4211 (b) of the Omnibus Budget Reconciliation Act of 1987, services required by the nursing home provisions of that Act and consistent with Section 1902 (a) (13) of the Social Security Act.

METHODOLOGY

The cost increases to be incurred by nursing facilities in meeting the OBRA 1987 requirements were calculated in the following manner:

Nurse Staffing Requirements - The methodology used to make the estimate was a calculation of the cost of the actual rate change effective October 1, 1990 (which HCFA has found to conform to the nursing home reform provisions of OBRA 1987) plus a projection for normal reimbursement increase, from October 1, 1990 to October 1, 1993.

The revised single facility per diem as of October 1, 1990 was compared to the superseded per diems (i.e. as of September 30, 1990) for each level of care (SNF, ICF-A, ICF-B) for each facility which was not receiving interim rates.

The resulting per diem differences between the pre October 1, 1990 (three level) rates and the revised single facility rate for each facility were multiplied by the facility Medicaid patient days to calculate an annualized facility specific reimbursement as a result of the change in the reimbursement methodology.

The individual facility reimbursement changes (positive and negative) for proprietary and voluntary facilities were totalled in the amount of \$12,242,219.

The total was divided by 87 percent (allowing for the thirteen percent of facilities receiving interim rates) to project a cost of \$14,871,516 to the Medicaid program for all proprietary and voluntary facilities.

An amount of \$4,678,888, representing the increased payments as a result of the change for County Governmental (Peer Grouping) facilities, was added to the sum for proprietary and voluntary facilities for total of \$18,750,404.

The total was divided by 10,000,000 Medicaid patient days for all facilities (as billed by facilities during calendar year 1990) to arrive at a per diem increase of \$1.88 cents per day in 1990 dollars.

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NF reimbursement increased approximately 8% between state fiscal years 1991 and 1992 and increased by 3.09% between state fiscal years 1992 and 1993. The State projects that NF reimbursement will increase 7.7% between state fiscal years 1993 and 1994.

The weighted average per diem rate of \$103.75 as of July 1, 1992 was increased by 7.7% to \$111.74 to reflect the anticipated increase in nursing facility reimbursement for the year beginning October 1, 1993.

The original per diem cost of OBRA 1987 of \$1.88 was increased by: 8% for FY 1992; 3.09% for FY 1993; and 7.7% for FY 1994 to \$2.25, which amount is the anticipated per diem increase in nursing facility reimbursement related to OBRA nursing facility reform beginning October 1, 1993. The amount of \$2.25 is included in the above-mentioned \$111.74 which is the anticipated average proposed payment rate for nursing facilities as of October 1, 1993.

Other Requirements- Other general cost categories under Section 1919 of the Act include: continuing education for nurse aides; other staffing requirements (e.g., dietician, pharmacy, dental, medical records, activities personnel, social worker); resident assessment; plans for care; resident personal funds; and residents' rights. The Division finds that New Jersey has always included these increased/additional Federal requirements in its rate setting system. Since such costs are already included in the base period data and applicable cost limits for current facility rates, per diem adjustments are not necessary.

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**TRANSITIONAL RELIEF
FOR
SALARY REGION ADJUSTMENT**

In order to provide transitional relief for those nursing facilities most negatively impacted by the adjustment to a single statewide salary region which began July 1, 1992, a rate adjustment will be made for qualifying facilities. Nursing facilities which incurred reductions in Medicaid reimbursement in excess of \$55,000 for services provided to Medicaid recipients during State fiscal year 1993 (July 1, 1992 to June 30, 1993), as a result of the implementation of the single statewide salary region, will receive a prospective per diem rate adjustment.

Facilities will be reimbursed twenty five (25) percent of the annual reduction of Medicaid reimbursement in excess of \$55,000. This amount represents the reduction of Medicaid reimbursement in excess of \$55,000 for the period from April 1, 1993 to June 30, 1993. The per diem add-on will be calculated for each facility as follows:

1. Determine for each facility the prospective or interim to actual per diem rate(s) for the period from July 1, 1992 to June 30, 1993 using the salary region system effective prior to July 1, 1992;
 - i. These calculations will not include the (six month) acuity adjustment of rates for patient mix.
2. Determine the difference between the corresponding single salary region per diem reimbursement rate(s) for the period from July 1, 1992 to June 30, 1993 (excluding the acuity adjustment of rates) and the per diem rate(s) as calculated in (1) above;
3. Multiply the per diem rate difference(s) from (2) above by the number of the facility's Medicaid patient days paid (allocated to the applicable rate periods if appropriate) for the period from July 1, 1992 to June 30, 1993;
4. From the sum determined in (3) above deduct the amount of \$55,000;
5. Divide the remainder from (4) above by four;
6. Divide the quotient from (5) above by the total number of the facility's Medicaid patient days paid for the period from April 1, 1993 to June 30, 1993.

The resulting per diem amount will be paid as an add-on to each eligible facility's routine prospective rate for a three month period commencing July 1, 1993 and ending September 30, 1993.

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TRANSITIONAL RELIEF
FOR
SALARY REGION ADJUSTMENT

In order to provide transitional relief for those nursing facilities most negatively impacted by the adjustment to a single statewide salary region which began July 1, 1992, a rate adjustment will be made for qualifying facilities. Nursing facilities which incurred reductions in Medicaid reimbursement in excess of \$55,000 for services provided to Medicaid recipients during State fiscal year 1994 (July 1, 1993 to June 30, 1994), as a result of the implementation of the single statewide salary region, will receive a per diem rate adjustment.

Facilities will be reimbursed the annual reduction of Medicaid reimbursement in excess of \$55,000 for the period effective July 1, 1993 to June 30, 1994. The per diem add-on will be calculated for each facility as follows:

1. Determine for each facility the prospective or interim to actual per diem rate(s) for the period from July 1, 1993 to June 30, 1994 using the salary region system effective prior to July 1, 1992;
 - i. These calculations will not include the (six month) acuity adjustment of rates for patient mix.
2. Determine the difference between the corresponding single salary region per diem reimbursement rate(s) for the period from July 1, 1993 to June 30, 1994 (excluding the acuity adjustment of rates) and the per diem rate as calculated in (1) above;
3. Multiply the per diem rate difference(s) from (2) above by the number of the facility's Medicaid patient days paid (allocated to the applicable rate periods if appropriate) for the period from July 1, 1992 to June 30, 1993;
4. From the sum determined in (3) above deduct the amount of \$55,000;
5. Divide the remainder from (4) above by the total number of the facility's Medicaid patient days paid for the period from July 1, 1992 to June 30, 1993.

The resulting per diem amount will be paid as a add-on to each eligible facility's routine prospective rate for a twelve month period commencing July 1, 1993 and ending June 30, 1994.

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TRANSITIONAL RELIEF
FOR
SALARY REGION ADJUSTMENT

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In order to provide transitional relief for those nursing facilities most negatively impacted by the adjustment to a single statewide salary region which began July 1, 1992, a rate adjustment will be made for qualifying facilities. Nursing facilities which are expected to incur reductions in Medicaid reimbursement in excess of \$27,500 for services to be provided to Medicaid recipients for the period July 1, 1994 to December 31, 1994, as a result of the implementation of the single statewide salary region, will receive a prospective per diem rate adjustment. For the rate period beginning August 1, 1994, facilities will be reimbursed the reduction of Medicaid reimbursement in excess of \$27,500 for the period effective July 1, 1994 to December 31, 1994. Exclusively for the purpose of determining an adjustment to the rate which will become effective August 1, 1994, the per diem add-on will be calculated for each facility as follows:

1. Determine for each facility the prospective or interim to actual per diem rate(s) for the period from July 1, 1994 to December 31, 1994 using the salary region system effective prior to July 1, 1992:
 - i. These calculations will not include the (six month) acuity adjustment of rates for patient mix.
2. Determine the difference between the corresponding single salary region per diem reimbursement rate(s) for the period from July 1, 1994 to December 31, 1994 (excluding the acuity adjustment of rates) and the per diem rate as calculated in (1) above;
3. Multiply the per diem rate difference(s) from (2) above by the number of the facility's Medicaid patient days paid (allocated to the applicable rate periods if appropriate) for the period from July 1, 1993 to December 31, 1993;
4. From the product determined in (3) above deduct the amount of \$27,500;
5. Divide the remainder from (4) above by the total number of the facility's Medicaid patient days paid for the period from July 1, 1993 to December 31, 1993;
6. Multiply the quotient by 6;
7. Divide the product by 5;

The resulting per diem amount will be paid as an add-on to each eligible facility's routine prospective rate for a five month period commencing August 1, 1994.

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